

INSTRUCTIONS FOR FORM 0-71

The New Jersey Estate Tax was revised on July 1, 2002. The revised statute was made retroactive and applies to the estates of decedents dying on or after January 1, 2002. The New Jersey Transfer Inheritance Tax and Estate Tax regulations were readopted with changes on March 17, 2003. N.J.A.C. 18:26-11.30 and 11.31 were modified to provide that all corporations, associations, societies and other organizations which sell life insurance or annuities in New Jersey must:

1. Give notice to the Director of all sums payable by them as the result of the death of a resident decedent by filing Form 0-71 as soon as practicable after the death of a decedent but in any event not later than 10 days after any full or partial payment has been made and;
2. Retain 50% of all sums payable pending receipt of a tax waiver from the Director.

Form 0-71 must be submitted in all cases where:

1. Payment is made as a result of the death of a resident decedent under the terms of a life insurance policy, endowment policy or an annuity contract owned by the decedent or;
2. Payment is made as a result of the death of a resident decedent under the terms of a supplementary optional settlement or similar contract issued to effectuate the distribution of benefits originally payable to the decedent under the terms of a life insurance policy, endowment policy or an annuity contract or;
3. A partnership, firm or corporation is entitled to receive payment in its own right.

Both the Inheritance Tax and the Estate Tax are due and payable on a decedent's date of death. Amounts reported on Form 0-71 must reflect date of death values. Accumulated dividends, post-mortem-dividends, terminal dividends and premium refunds are required to be reported on Form 0-71.

Neither Form 0-71 nor a tax waiver is required for any payment or payments made outright to a decedent's surviving spouse. If any payment or payments has or will be made to a beneficiary or beneficiaries other than the decedent's surviving spouse, Form 0-71 must be submitted as set forth in the above instructions.

Provided that a fully completed copy of Form 0-71 has been or will be mailed to the Director and that each beneficiary listed on the form has or will be advised that information regarding death claim payments is being supplied to the state pursuant to requirements of the New Jersey Division of Taxation and that it is the position of the Division of Taxation that a beneficiary or beneficiaries may be personally liable for any and all inheritance and/or estate taxes until paid, all sums payable (100%) under the terms of the policy or contract may be disbursed without obtaining a tax waiver from the Director. No retention is required.

N.J.A.C. 18:26-11.31 requires that Form 0-71 be mailed to the Division as soon as practicable after a decedent's death but in any event not later than 10 days after the date of any payment. However, completed forms may be mailed to the Division on a monthly basis. A completed form which is made part of a monthly mailing will be deemed to have been mailed in a timely manner provided that the monthly mailing is within one month of date on which the form would otherwise be required to be mailed.

For decedents with a date of death after December 31, 2001, Forms 0-71 required to be mailed on or before November 1, 2003 will be deemed to have been mailed in a timely manner provided that they are mailed no later than July 1, 2004. If payment was made to a beneficiary or beneficiaries prior to November 1, 2003, the beneficiary or beneficiaries need not be notified.

Additional information pertaining to the use of Form 0-71 may be obtained by contacting the Inheritance and Estate Tax Section of the Individual Tax Audit Branch by mail at the Division of Taxation, Inheritance and Estate Tax, P.O. Box 249, Trenton, New Jersey 08695-0249 or by phone at 609-292-5033.